

Message Text

PAGE 01 RABAT 05023 200834Z

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C O N F I D E N T I A L RABAT 5023

LIMDIS

FROM NEWSOM

E.O. 11652: GDS

TAGS: PFOR, EAID, MO

SUBJ: ASSISTANCE TO MOROCCO

1. DURING SECRETARY'S VISIT MOROCCO, IT WAS SUGGESTED I RETURN TO EXAMINE WITH MOROCCANS PRESENT ASSISTANCE PROGRAMS AND TO DETERMINE POSSIBILITIES OF FURTHER HELP. BETWEEN NOVEMBER 15 AND 19 I HAVE MET WITH KING HASSAN, PRIME MINISTER, AND MINISTERS FOREIGN AFFAIRS, PLAN, COOPERATION, FINANCE, AGRICULTURE, COMMERCE, URBANISM AND HOUSING. FOLLOWING IS SUMMARY CONVERSATIONS AND IMPRESSIONS TOGETHER WITH SUGGESTIONS OF AREAS WE MIGHT EXAMINE FOR POSSIBLE INCREASED ACTIVITY LOOKING TOWARD FORTHCOMING VISITS MINISTERS PLAN AND COOPERATION AND POSSIBLE OFFICIAL VISIT LATER BY KING HASSAN.

2. THREE THEMES WERE REITERATED BY MOROCCAN SIDE:
(A) RECOGNITION THAT U.S. HAD PLAYED SIGNIFICANT ROLE IN EXPANSION MOROCCAN ECONOMY; (B) CONCERN THAT, AS MOROCCO BEGINS FIRST YEAR OF NEW FIVE YEAR PLAN, CONFIDENTIAL

PAGE 02 RABAT 05023 200834Z

REDUCTION IN U.S. ASSISTANCE AND GROWING COMPLEXITY OUR REQUIRED DOCUMENTATION PROCEDURES WILL COMPLICATE PROBLEM OF U.S. INPUT INTO ECONOMY; AND (C) BELIEF THAT U.S. IN ITS OWN INTEREST SHOULD SEEK CLEARLY TO

IDENTIFY ITSELF WITH ONE OR, IF POSSIBLE, TWO MAJOR CAPITAL PROJECTS FALLING WITHIN AID SECTOR APPROACH. AGRICULTURAL SECTOR WAS MOST FREQUENTLY CITED.

3. IN REPLYING FOREGOING, I STRESSED CONTINUED U.S. INTEREST MOROCCAN DEVELOPMENT, EXISTENCE ADMINISTRATIVE DELAYS ON MOROCCAN SIDE, AND PROBLEMS POSED FOR U.S. SIDE BY GROWING PUBLIC AND CONGRESSIONAL DISENCHANTMENT WITH FOREIGN AID GENERALLY. I FOUND SURPRISING RECOGNITION THESE REALITIES ON MOROCCAN SIDE.

4. MY IMPRESSION IS THAT WE HAVE GENERALLY BEEN ON RIGHT COURSE IN TERMS OUR OVERALL APPROACH TO MOROCCAN DEVELOPMENT. MOREOVER GOM NOW APPEARS READY TO CONFORM TO REQUIREMENTS OF SECTOR FORMAT. MOST IMMEDIATE TASK IS TO TAKE ADVANTAGE OF FRESH WIND THAT APPEARS TO BE BLOWING HERE IN OUR FAVOR BY ASKING WHAT WE, AS WELL AS GOM: CAN DO TO KEEP RELATIONSHIP MOVING IN RIGHT DIRECTION.

5. POLITICAL JUSTIFICATION FOR FURTHER LOOK AT OUR RELATIONSHIP IS CLEAR. QUITE APART FROM OUR MILITARY AND VOA FACILITIES HERE, MOROCCO'S GEOGRAPHIC POSITION IS OF MAJOR IMPORTANCE TO US. UNFRIENDLY REGIME HERE COULD CAUSE SERIOUS PROBLEMS. KING'S POSITION SEEMS STRENGTHENED AND HE IS WILLING TO WORK WITH US. HE AVOIDED ANY ACTIONS DURING RECENT CRISIS WHICH COULD HAVE COMPLICATED SIXTH FLEET PRESENCE. HE ENTHUSIASTICALLY RECEIVED SECRETARY. IT IS VERY USEFUL TO HAVE A FRIENDLY AND MODERATE ARAB STATE WHICH CAN ACT AS A COUNTERWEIGHT TO THE EXTREMISTS.

6. KING HAS AGAIN STATED DESIRE FOR "GLOBAL" APPROACH, BY WHICH HE MEANS APPRECIABLE LEVEL OF U.S. ECONOMIC AND MILITARY ASSISTANCE COMBINED WITH CLOSE CONSULTATION AND MUTUAL SUPPORT ON INTERNATIONAL ISSUES. HE HAS AVOIDED TALKING ABOUT "LEVELS" BUT HE CLEARLY HAS THESE IN MIND.
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PAGE 03 RABAT 05023 200834Z

7. OUR PROBLEM AT PRESENT IS THAT BECAUSE OF LACK GOM INTEREST IN FIVE MILLION DOLLAR LOAN FOR FARM CREDIT, LEVEL FOR FY74 IS LESS THAN WE SUGGESTED IN AIDE MEMOIRE OF JULY 11. IN FACT AGRICULTURAL SECTOR LOAN IS FROM FY73 WHICH MEANS OUR ACTUAL LEVEL OF ECONOMIC ASSISTANCE IN FY74 IS ONLY TWENTY-TWO MILLION DOLLARS: LOWEST LEVEL IN HISTORY OF ECONOMIC ASSISTANCE TO MOROCCO. WE SHOULD AS MINIMUM CONSIDER WAYS WE COULD REACH FY76 ECONOMIC LEVELS IMPLIED IN AIDE MEMOIRE.

8. IN CONSIDERING TOTAL APPROACH TO FIVE YEAR PLAN, MOROCCANS ALSO CLEARLY HAVE IN MIND INCREASED EFFORTS BOTH BY WORLD BANK AND PRIVATE INVESTMENTS. THESE,

OF COURSE, WE SHOULD ENCOURAGE.

9. SUGGESTIONS FOR FURTHER EXAMINATION. MINISTER OF PLAN IMANI AND MINISTER COOPERATION BENHIMA PLAN SUCCESSIVE VISITS U.S. AFTER FIRST OF YEAR. I BELIEVE WE SHOULD HAVE SPECIFIC PROPOSALS DISCUSS WITH THEM, LEADING TO PRESENTATION OF AGREED PROPOSALS TO GOM BEFORE ANTICIPATED VISIT TO U.S. BY KING HASSAN LATER IN SPRING.

10. SPECIFICALLY, I SUGGEST WE STUDY:

A. POSSIBILITY OF FIVE MILLION DOLLAR LOAN FOR CAPITAL PROJECT IN FY74 (EXTENSION OF LOWER MOULOUYA IRRIGATION SYSTEM AND RABAT-SALE SEWER ARE POSSIBILITIES). MINISTER OF ECONOMIC COOPERATION HAS PROMISED AID A LIST OF PROJECTS SUITABLE FOR U.S. ECONOMIC ASSISTANCE BY DECEMBER 15.

B. A PL-480 TITLE I AGREEMENT IN FY74 FOR IMPORTATION OF COMMODITIES OTHER THAN WHEAT (ASSUMING WHEAT IS NOT AVAILABLE, POSSIBLY GRAIN SORGHUMS AND VEGETABLE OIL.) MOROCCAN MINISTERS WERE UNANIMOUS IN PRAISING USE OF PL-480 COUNTERPART FUNDS FOR DEVELOPMENT.

C. PURCHASE OF WHEAT THROUGH AGRICULTURAL SECTOR LOAN. THIS WOULD APPEAL TO GOM BOTH BECAUSE THEY NEED CONFIDENTIAL

PAGE 04 RABAT 05023 200834Z

WHEAT AND PURCHASE SINGLY COMMODITY UNDER ASL EASES PROCEDURES.

D. ADDITIONAL HOUSING GUARANTEE OF TEN MILLION DOLLARS. SINCE THERE WAS SOME GOM OBJECTION TO INTEREST RATE, WE MIGHT CONSIDER POSSIBILITY COMBINED GUARANTEE AND AID LOAN TO LOWER EFFECTIVE INTEREST RATE.

E. OFFER TO PROVIDE SPECIALIST (PERHAPS UNDER AID GRANT) TO ASSIST GOM IN DEVELOPING PROCEDURES AND CONTACTS FOR ENCOURAGEMENT OF U.S. PRIVATE ENTERPRISE. POSSIBILITIES ARE HERE, BUT MOROCCANS SEEM TO HAVE PROBLEM IN CEMENTING CONTACTS.

F. MAKE STATEMENT TO GOM (AS WE DID WITH PORTUGUESE) OF LEVEL OF EXIM BANK FINANCING THAT WOULD BE AVAILABLE FOR FIVE YEAR PLAN ASSUMING U.S. BIDDERS ON PROJECTS AND EQUIPMENT ARE SUCCESSFUL. SUGGEST LEVEL OF ONE HUNDRED MILLION DOLLARS.

G. DISCUSS MOROCCO WITH WORLD BANK, ASKING THEM TO CONSIDER POSSIBILITY OF RESIDENT REPRESENTATIVE.

11. IN ADDITION THESE ECONOMIC MEASURES, IT WILL BE IMPORTANT WE RESPOND TO KING'S INTERESTS IN TWO OTHER AREAS: MILITARY AND CONSULTATION. PROPOSALS RE FMS WILL BE SUBJECT SEPTEL. RE CONSULTATIONS, WE WILL SEEK, BY PROVIDING AMBASSADOR NEUMANN WITH PERIODIC SPECIFIC INSTRUCTIONS AND BY SCHEDULING SPECIALIZED VISITORS, TO CONTINUE TO SHOW KING WE WISH HIM KNOW OUR THOUGHTS ON LEADING INTERNATIONAL ISSUES AND ARE INTERESTED IN HIS.

12. DURING MY VISIT, I HAVE HAD VALUED COOPERATION ALL MEMBERS COUNTRY TEAM. I HAVE NOT ASKED THEM ASSOCIATE THEMSELVES WITH MY RECOMMENDATIONS IN ABSENCE SPECIFIC DISUCSSIONS WITH THEIR RESPECTIVE AGENCIES.
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